

**MEDICAID COST CONTAINMENT MEASURES IMPLEMENTED:
CUMMULATIVE SAVINGS FROM 1985 - PRESENT**

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Cost Containment Measure	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Third Party Liability Program	392,500	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000
Adult day care waiver					70,000	220,000	220,000	220,000	220,000	220,000
Include coverage of freestanding physical therapy clinics in nursing home rate					2,900,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Federal Grant for Aliens (SLIAG)					185,320	417,050	417,050	417,050	417,050	417,050
Nursing Home Bed Holding					405,118	405,118	405,118	405,118	405,118	405,118
Elimination of retrospective reimbursement of nursing homes for initial new facility operations					2,500,000	4,230,000	4,230,000	4,230,000	4,230,000	4,230,000
Limit Non-Emergency Transportation Services					250,000	250,000	250,000	250,000	250,000	250,000
Expansion of Transfer of Assets Rule						596,000	678,000	678,000	678,000	678,000
Reduce Drug Cost Reimbursement						1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Hospice Coverage							64,985	92,370	92,370	92,370
Expanded Client Medical Management Program							139,100	295,490	295,490	295,490
Deferral of Discretionary Administrative Expenditures							513,678	513,678	513,678	513,678
Establish a per patient-day ceiling for all full service management services costs in nursing homes							10,751	17,735	17,735	17,735
Include payment for occupational/speech therapy services in nursing home operating costs							991,324	776,998	776,998	776,998
Require nursing homes with pharmacies to bill for pharmacy services through Medicaid Enrolled Pharmacy Program							336,643	183,983	183,983	183,983
Eliminate 12-day bed hold policy for nursing home patients							92,400	407,310	407,310	407,310
Reduce hours of training required under OBRA'87 from 24 to 9 hours							750,000	350,000	350,000	350,000
Defer nursing home bed licensure							1,200,000	3,200,000	3,200,000	3,200,000
Eliminate reimbursement for \$.01/ml dispensing fee for unit dose liquid medications							43,729	50,109	50,109	50,109
Reimburse pharmacies at average wholesale price minus 9%, plus dispensing fee, for sole source drugs							1,108,988	2,331,070	2,331,070	2,331,070
Pre-authorize long-stay hospitals							481,795	1,082,002	1,082,002	1,082,002
Implement utilization review procedures for intensive rehabilitation services							815,344	1,108,720	1,108,720	1,108,720
Implement utilization review procedures for outpatient rehabilitation services							14,311	285,848	285,848	285,848
Expand Client Medical Management Program services to Emergency Rooms							9,017	88,415	88,415	88,415
Increase Client Medical Management Program caseload							64,850	350,454	350,454	350,454
Limit Medicare B Co-insurance payments							458,599	2,366,515	2,366,515	2,366,515
Reduce Outpatient Hospital operating cost by 5.8%							1,216,039	1,949,080	1,949,080	1,949,080
Reduce reimbursement for capital-related costs for outpatient hospital services							425,318	589,121	589,121	589,121
Delay OB/Pediatrician fee increase from 7-1-91 to 10-1-91								500,000	0	0
Adjustments to FY 1992 operating rate for nursing homes								2,256,014	0	0
Additional Nurse Aide Training								300,000	300,000	300,000
Reduce payment for non-emergency ER services								4,115,281	4,115,281	4,115,281
Pre-authorize durable medical equipment								205,933	205,933	205,933

Continued

**MEDICAID COST CONTAINMENT MEASURES IMPLEMENTED:
CUMMULATIVE SAVINGS FROM 1985 - PRESENT (CONTINUED)**

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Cost Containment Measure	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Reduce threshold for hospital UR								1,786,230	1,786,230	1,786,230
Pharmacy Rebate Program								7,273,564	7,273,564	7,273,564
Governor's Project Streamline								157,302	157,302	157,302
Administrative budget reductions to meet shortfall in state revenues								293,278	293,278	293,278
Additional administrative budget reductions to meet shortfall in state revenues									251,204	251,204
Elimination of pre-authorization of transportation services									413,500	413,500
Reduce Scope of Selected Adult Optional Services									1,000,000	1,500,000
Recipient Co-Payment Increase									1,000,000	1,000,000
Virginia Hospital Association Utilization Management									0	4,000,000
Selected High Cost Cases - Management									1,360,000	1,500,000
Ulcer Medicaid Management									0	1,900,000
Contracts for Vaccines (see next item)									43,429	171,000
Pre-authorization of High Cost Drugs									0	600,000
Enhanced Prescreening for Long Term Care									1,500,000	1,000,000
Re-estimate Timing of Nursing Home Beds									1,429,607	0
Home Health Agency Reimbursement Methodologies										500,000
Nursing Facility Reimbursement Methodologies										1,000,000
More Restrictive Limits on Transfer of Assets										350,000
Irrevocable Trusts										500,000
Technology Assisted Waiver										
Reduce length-of-stay of Medicaid patients in hospitals										
Expansion of MEDALLION Program										
Voluntary Thresholds										
Fiscal Impact of HB 1140										
Personal Assistance Services Savings										
Capitated Managed Care Savings										
Pharmaceutical Savings										
FFP Adjustment										
Expansion of MEDALLION to non-ADC Population										
Reduce Hospital Stay by One Day										
Reduce Drug Dispensing Fee to \$4.25										
One-Day Length of Stay for Obstetrics										
Emergency Room Diagnosis Code Adjustment										
HIPP Expansion										
50% Physicians Rate Matched to Outpatient Visits										
Reduction to Teaching Hospitals										
Reduction of Disputed Pharmacy Rebates										
Nursing Home - Legal Fees										
Privatization of Functions										
Annual Totals	392,500	1,220,000	1,220,000	1,220,000	7,530,438	9,638,168	18,457,039	42,646,668	46,888,394	54,576,358
Cummulative Totals	392,500	1,612,500	2,832,500	4,052,500	11,582,938	21,221,106	39,678,145	82,324,813	129,213,207	183,789,565

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**MEDICAID COST CONTAINMENT MEASURES IMPLEMENTED:
CUMMULATIVE SAVINGS FROM 1985 - PRESENT**

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Cost Containment Measure	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Third Party Liability Program	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000	1,220,000
Adult day care waiver	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Include coverage of freestanding physical therapy clinics in nursing home rate	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Federal Grant for Aliens (SLIAG)	417,050	417,050	417,050	417,050	417,050	417,050	417,050	417,050	417,050	417,050
Nursing Home Bed Holding	405,118	405,118	405,118	405,118	405,118	405,118	405,118	405,118	405,118	405,118
Elimination of retrospective reimbursement of nursing homes for initial new facility operations	4,230,000	4,230,000	4,230,000	4,230,000	4,230,000	4,230,000	4,230,000	4,230,000	4,230,000	4,230,000
Limit Non-Emergency Transportation Services	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Expansion of Transfer of Assets Rule	678,000	678,000	678,000	678,000	678,000	678,000	678,000	678,000	678,000	678,000
Reduce Drug Cost Reimbursement	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Hospice Coverage	92,370	92,370	92,370	92,370	92,370	92,370	92,370	92,370	92,370	92,370
Expanded Client Medical Management Program	295,490	295,490	295,490	295,490	295,490	295,490	295,490	295,490	295,490	295,490
Deferral of Discretionary Administrative Expenditures	513,678	513,678	513,678	513,678	513,678	513,678	513,678	513,678	513,678	513,678
Establish a per patient-day ceiling for all full service management services costs in nursing homes	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,735	17,735
Include payment for occupational/speech therapy services in nursing home operating costs	776,998	776,998	776,998	776,998	776,998	776,998	776,998	776,998	776,998	776,998
Require nursing homes with pharmacies to bill for pharmacy services through Medicaid Enrolled Pharmacy Program	183,983	183,983	183,983	183,983	183,983	183,983	183,983	183,983	183,983	183,983
Eliminate 12-day bed hold policy for nursing home patients	407,310	407,310	407,310	407,310	407,310	407,310	407,310	407,310	407,310	407,310
Reduce hours of training required under OBRA'87 from 24 to 9 hours	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Defer nursing home bed licensure	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Eliminate reimbursement for \$.01/ml dispensing fee for unit dose liquid medications	50,109	50,109	50,109	50,109	50,109	50,109	50,109	50,109	50,109	50,109
Reimburse pharmacies at average wholesale price minus 9%, plus dispensing fee, for sole source drugs	2,331,070	2,331,070	2,331,070	2,331,070	2,331,070	2,331,070	2,331,070	2,331,070	2,331,070	2,331,070
Pre-authorize long-stay hospitals	1,082,002	1,082,002	1,082,002	1,082,002	1,082,002	1,082,002	1,082,002	1,082,002	1,082,002	1,082,002
Implement utilization review procedures for intensive rehabilitation services	1,108,720	1,108,720	1,108,720	1,108,720	1,108,720	1,108,720	1,108,720	1,108,720	1,108,720	1,108,720
Implement utilization review procedures for outpatient rehabilitation services	285,848	285,848	285,848	285,848	285,848	285,848	285,848	285,848	285,848	285,848
Expand Client Medical Management Program services to Emergency Rooms	88,415	88,415	88,415	88,415	88,415	88,415	88,415	88,415	88,415	88,415
Increase Client Medical Management Program caseload	350,454	350,454	350,454	350,454	350,454	350,454	350,454	350,454	350,454	350,454
Limit Medicare B Co-insurance payments	2,366,515	2,366,515	2,366,515	2,366,515	2,366,515	2,366,515	2,366,515	2,366,515	2,366,515	2,366,515
Reduce Outpatient Hospital operating cost by 5.8%	1,949,080	1,949,080	1,949,080	1,949,080	1,949,080	1,949,080	1,949,080	1,949,080	1,949,080	1,949,080
Reduce reimbursement for capital-related costs for outpatient hospital services	589,121	589,121	589,121	589,121	589,121	589,121	589,121	589,121	589,121	589,121
Delay OB/Pediatrician fee increase from 7-1-91 to 10-1-91	0	0	0	0	0	0	0	0	0	0
Adjustments to FY 1992 operating rate for nursing homes	0	0	0	0	0	0	0	0	0	0
Additional Nurse Aide Training	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Reduce payment for non-emergency ER services	4,115,281	4,115,281	4,115,281	4,115,281	4,115,281	4,115,281	4,115,281	4,115,281	4,115,281	4,115,281
Pre-authorize durable medical equipment	205,933	205,933	205,933	205,933	205,933	205,933	205,933	205,933	205,933	205,933

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**MEDICAID COST CONTAINMENT MEASURES IMPLEMENTED:
CUMMULATIVE SAVINGS FROM 1985 - PRESENT (CONTINUED)**

Page 12-37

Cost Containment Measure	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Reduce threshold for hospital UR	1,786,230	1,786,230	1,786,230	1,786,230	1,786,230	1,786,230	1,786,230	1,786,230	1,786,230	1,786,230
Pharmacy Rebate Program	7,273,564	7,273,564	7,273,564	7,273,564	7,273,564	7,273,564	7,273,564	7,273,564	7,273,564	7,273,564
Governor's Project Streamline	157,302	157,302	157,302	157,302	157,302	157,302	157,302	157,302	157,302	157,302
Administrative budget reductions to meet shortfall in state revenues	293,278	293,278	293,278	293,278	293,278	293,278	293,278	293,278	293,278	293,278
Additional administrative budget reductions to meet shortfall in state revenues	251,204	251,204	251,204	251,204	251,204	251,204	251,204	251,204	251,204	251,204
Elimination of pre-authorization of transportation services	413,500	413,500	413,500	413,500	413,500	413,500	413,500	413,500	413,500	413,500
Reduce Scope of Selected Adult Optional Services	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Recipient Co-Payment Increase	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Virginia Hospital Association Utilization Management	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Selected High Cost Cases - Management	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Ulcer Medicaid Management	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Contracts for Vaccines (see next item)	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000	171,000
Pre-authorization of High Cost Drugs	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Enhanced Prescreening for Long Term Care	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Re-estimate Timing of Nursing Home Beds	0	0	0	0	0	0	0	0	0	0
Home Health Agency Reimbursement Methodologies	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Nursing Facility Reimbursement Methodologies	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
More Restrictive Limits on Transfer of Assets	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Irrevocable Trusts	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Technology Assisted Waiver	13,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Reduce length-of-stay of Medicaid patients in hospitals	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Expansion of MEDALLION Program	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Voluntary Thresholds	1,000,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Fiscal Impact of HB 1140	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Personal Assistance Services Savings	181,179	181,179	181,179	181,179	181,179	181,179	181,179	181,179	181,179	181,179
Capitated Managed Care Savings	500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Pharmaceutical Savings		4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
FFP Adjustment		21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Expansion of MEDALLION to non-ADC Population		355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000	355,000
Reduce Hospital Stay by One Day		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Reduce Drug Dispensing Fee to \$4.25		468,000	468,000	468,000	468,000	468,000	468,000	468,000	468,000	468,000
One-Day Length of Stay for Obstetrics		3,003,000	3,003,000	3,003,000	3,003,000	3,003,000	3,003,000	3,003,000	3,003,000	3,003,000
Emergency Room Diagnosis Code Adjustment		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
HIPP Expansion		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
50% Physicians Rate Matched to Outpatient Visits		3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
Reduction to Teaching Hospitals		6,385,500	6,385,500	6,385,500	6,385,500	6,385,500	6,385,500	6,385,500	6,385,500	6,385,500
Reduction of Disputed Pharmacy Rebates		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Nursing Home - Legal Fees		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Privatization of Functions		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Savings in the Pharmacy Benefits Program			6,000,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000

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**MEDICAID COST CONTAINMENT MEASURES IMPLEMENTED:
CUMMULATIVE SAVINGS FROM 1985 - PRESENT (CONTINUED)**

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Cost Containment Measure	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Durable Medical Equipment			506,000	626,000	626,000	626,000	626,000	626,000	626,000	626,000
Specialized Care Rates in Nursing Homes			2,823,000	4,487,000	4,487,000	4,487,000	4,487,000	4,487,000	4,487,000	4,487,000
Changes in Payment Rates for Medicare Copayments and Deductibles					13,318,000	14,520,000	14,520,000	14,520,000	14,520,000	14,520,000
Manage Highest Cost Medicaid Recipients					N/A	N/A	N/A	N/A	N/A	N/A
Repeal of Boren Amendment					N/A	N/A	N/A	N/A	N/A	N/A
Productivity Savings Initiatives							5,285,084	14,333,486	14,333,486	14,333,486
Rate Reduction for Pharmacy Services									3,806,250	3,806,250
Modifications to Pharmacy Coverage									7,079,320	7,079,320
Targeted Cost Savings									8,000,000	8,000,000
Maximizing Federal Reimbursement									33,523,844	33,523,844
Preferred Drug List										10,424,200
Pharmacy Threshold Initiative										11,950,000
Enhanced Prior Authorization of Certain Services										2,055,929
Reduce the Rate of Increase Provide HMOs										18,092,266
Reduce Outpatient Hospital Rates to 80% of Allowable Costs										4,238,950
Reduce Payment Rates for Hospital Capital Costs										2,593,240
Revise Nursing Facility Specialized Care and Traumatic Injury										1,334,521
Reduce Rate Increase Provided to SNF for FY 2004										5,446,357
Increase Medicaid Co-Payment for Brand Name Drugs										892,500
Reduce Pharmacy Dispensing Fee										2,004,589
Revise Outpatient Rehabilitation Methodology										3,007,448
Revise Methodology Used to Credit Non-Covered Services										68,228
Eliminate Transitional Medicaid Coverage in Welfare Reform										1,023,384
Reduce Reimbursement Rates for Selected DME products										634,032
Non-Profit Hospitals Participating in Federal Rx Program										750,000
Implementation of the Family Planning Waiver										1,000,000
Defer FY 2004 Adjustment for Medically Needy Income Limits										500,093
Annual Totals	63,020,537	115,047,037	124,376,037	126,660,037	139,978,037	141,180,037	146,465,121	155,513,523	207,922,937	273,938,674
Cummulative Totals	246,810,102	361,857,139	486,233,176	612,893,213	752,871,250	894,051,287	1,040,516,408	1,196,029,931	1,403,952,868	1,677,891,542

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